



OFFICE OF THE MAYOR
CITY OF CHICAGO

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CONTACT:

Mayor's Press Office

312.744.3334

press@cityofchicago.org

**CITY COUNCIL APPROVES BALANCED AND RESPONSIBLE AGREEMENT WITH THE
COALITION OF UNIONIZED PUBLIC EMPLOYEES**

*Collective Bargaining Agreements Ensure the City Can Continue to Deliver High Quality
Services While Maintaining the City's Long-Term Financial Health*

Mayor Rahm Emanuel and the Chicago City Council today approved the Collective Bargaining Agreements with the Coalition of Unionized Public Employees (COUPE). The Agreements with COUPE, which covers employees from 15 different city departments providing critical infrastructure services and strategic support for operations, strikes the right balance between continuing to provide high quality City services to residents and building on the Mayor and City Council's work to strengthen the City's economic future and long-term financial security.

"The contract approved today is a fair one for taxpayers and city employees. It respects the great work city employees do on behalf of our residents and builds on reforms we have made to save taxpayer dollars," said Mayor Emanuel. "The final contract is proof of what's possible when you work as partners, with a foundation of understanding and respect, to find common ground."

"This contract is a fair and equitable agreement between the City and the women and men who serve on the frontlines, carrying out the necessary and meaningful work that residents depend on every day. This was a respectful process with true collaboration from both sides," said Jorge Ramirez, President of the Chicago Federation of Labor.

The five year Agreement with COUPE includes 31 separate Collective Bargaining Agreements and will replace the previous 10-year Agreement, negotiated by the prior administration. The Agreement is responsible and fair for both taxpayers and employees, as it includes manageable wage increases coupled with increasing healthcare contributions from employees. This agreement also builds on previous reforms to city operations made by the Emanuel Administration.

Specifically, this Agreement:

- Reduces the City's share of healthcare contributions by \$12 million annually when all the healthcare reforms are fully implemented in 2021;
- Provides economically-sensitive wage increases with an average annual increase of 2.1 percent;
- Identifies work rule changes that build on previous reforms in order to boost operational efficiencies and achieve additional savings where possible, and
- Builds on the combined efforts of the City and Labor Unions to encourage employees to save for their future and to incentive pre-tax savings, the City will begin to contribute a nominal matching amount to employees' deferred compensation accounts.

The Agreement builds on the Mayor's work to keep the City's healthcare costs relatively flat in recent years by implementing the first premium increase since 2006, increasing the salary cap when determining an employee's premium payment, instituting a prescription drug deductible, and requiring the Labor Management Cooperation Committee (LMCC) to identify \$3 million in additional healthcare savings as it relates COUPE members healthcare costs by 2020. These healthcare initiatives taken together will reduce the City's share of healthcare contributions by \$12 million annually once these reforms are fully implemented in 2021.

Along with the \$12 million annual reduction to the City's healthcare contributions, the Agreement includes a responsible annual wage increase that is comparable to estimated inflation and ensures the City can continue to deliver the highest quality services.

Over the five year term, non-prevailing rate COUPE employees will receive a 10.5 percent increase and an average annual increase of 2.1 percent. In contrast, the prior administration negotiated a 26.0 percent wage increase over 10 years, or an average annual wage increase of 2.6 percent for non-prevailing rate employees. Additionally, the City will adhere to the prevailing wage schedule for skilled trade employees, adjusting wages each July based on the determined prevailing wage rate. The first year of wage increase is 2.0 percent beginning on January 1, 2018 for non-prevailing wage employees, and the City will pay for this approximately \$12.5 million wage increase with operating revenues already budgeted for as part of the 2018 Budget.

The Agreement also includes multiple work rule and other contractual provisions designed to provide for more workforce flexibility, improve management and oversight of operations and employees, and provide a career development pathway for less experienced employees to be compensated at appropriate rates while their skills develop. The work rule changes and reforms include continuation of Apprenticeship programs, cross-over assignment training, increased probationary time, and additional introductory break-in rates. These reforms identified as part of this proposed Agreement build on the multiple

mid-term agreement changes the Emanuel Administration and our partners in Labor previously instituted.

The last component of the Agreement is the establishment of a nominal matching City contribution amount to an employee's deferred compensation account, also called a 457 Plan. Beginning in 2020, the City will contribute up to \$250 per year per employee, and that amount will increase up to \$500 per year per employee in 2022. The introduction of a 457 Plan matching contribution builds on the City and Labor Unions' effort to encourage employees to plan and save for their future and to incentive pre-tax savings.

Once signed by the Mayor, these Agreements are effective as of July 1, 2017.

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